

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
INBOUND E-FORMAT LETTER POST

Docket No. CP2020-120

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF  
SPECIFIC RATES NOT OF GENERAL APPLICABILITY FOR INBOUND E-FORMAT  
LETTER POST FOR 2021, AND APPLICATION FOR NON-PUBLIC TREATMENT**  
(April 10, 2020)

The United States Postal Service (Postal Service) hereby gives notice of specific rates not of general applicability for Inbound Letter Post Small Packets and Bulky Letters and for Inbound Registered Service Associated with such Items (collectively referred to herein as “Inbound E-format Letter Post) to take effect on January 1, 2021.

**I. *Transfer to Competitive Product List and Rates in Effect for 2020.***

In Order No. 4980 issued on January 9, 2019, the Postal Regulatory Commission (Commission) determined that Inbound E-format Letter Post is appropriately classified as a competitive product, conditioned on favorable review and implementation of new prices.<sup>1</sup> In Order No. 5372 issued on December 19, 2019, the Commission favorably reviewed the prices for Inbound E-format Letter Post, ordering that the Postal Service’s 2020 prices comply with 39 U.S.C. § 3633 and 39 C.F.R. part 3015 and may therefore take effect as scheduled on January 1, 2020.<sup>2</sup> The Commission further held in Order No. 5372 that the conditions of Order No. 4980 for the transfer of the product to the competitive product list would be met once those new prices took effect on January 1,

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<sup>1</sup> Order No. 4980, Order Conditionally Approving Transfer, Docket No. MC2019-17, January 9, 2019, at 23.

<sup>2</sup> Order No. 5372, Order Granting Postal Service’s Motion and Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, Docket Nos. MC2019-17 & CP2019-155, December 19, 2019, at 18.

2020.<sup>3</sup> Accordingly, the new prices took effect on January 1, 2020, and Inbound E-format Letter Post effectively transferred to the competitive product list on that date.

## **II. *Self-declared Rates for 2021 to be Submitted to the UPU in May 2020.***

For the Commission's review, the Postal Service now provides notice of new prices for Inbound E-format Letter Post that would take effect on January 1, 2021.<sup>4</sup> Under the Universal Postal Convention, **by June 1, 2020**, the Postal Service may give notice to the International Bureau (IB) of the Universal Postal Union (UPU) of its self-declared rates for small packets and bulky letters that would take effect on January 1, 2021.<sup>5</sup> The UPU Convention further provides that, by July 1, 2020, the UPU IB shall give notice of the 2021 rates to other UPU designated postal operators.<sup>6</sup> Subject to the conditions for the service and certain business rules for the self-declared rates under the UPU Convention,<sup>7</sup> the Postal Service's inbound self-declared rates will be charged to other UPU designated postal operators, except to the extent that the UPU Convention establishes terminal dues rates that the Postal Service must charge in lieu of self-declared rates for certain low-volume letter-post streams dispatched from other countries (which is also true with respect to the rates taking effect on July 1, 2020, which the Commission has already favorably reviewed),<sup>8</sup> and except to the extent that

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<sup>3</sup> Id.

<sup>4</sup> Under 39 C.F.R. § 3015.5(a), the Postal Service ordinarily must file a notice of a change in a rate not of general applicability at least 15 days before the effective date of the change. However, as explained above, the deadline for the Postal Service to submit these 2021 rates to the UPU is June 1, 2020.

<sup>5</sup> Universal Postal Convention (UPU Convention) Article 28bis.1.

<sup>6</sup> Id. Pursuant to UPU Convention Article 28bis.1, when the Postal Service notifies the UPU IB of its self-declared E-format letter post rates by June 1, 2020 (to take effect on January 1, 2021), it must do so in local currency, i.e., in U.S. dollars (USD). The UPU IB will then convert the rates into Special Drawing Rights (SDR), using the average monthly exchange rate from the period of January through May 2020.

<sup>7</sup> See id. Articles 28bis.1 & 28bis.3 (business rules for self-declared rates); see also, e.g., UPU Convention Articles 8, 17.1, 17.5; UPU Convention Regulations Articles 08-002, 17-102.2, 17-106, 17-107.6, 17-114.3. See generally UPU Constitution Articles 1.1, 1bis.1.3, 1bis.1.7.

<sup>8</sup> See UPU Convention Articles 28bis.1.1.6 & 28bis.1.1.7; see also id. Articles 29-30. Generally lower terminal dues rates are charged for E-format item volume dispatched by some of the world's least

designated postal operators agree by bilateral or multilateral commercial contract with the Postal Service on the application of any alternate rates.<sup>9</sup> The rates for Inbound Registered Service Associated with small packets and bulky letters are fixed by the UPU Convention and its Regulations.<sup>10</sup>

### **III. *New 2021 Prices that Comply with Section 3633 of Title 39.***

In Governors' Decision No. 19-1, issued on February 7, 2019, the Postal Service Governors established prices not of general applicability for certain of the Postal Service's competitive classified products, including "Other Non-Published Competitive Rates" that are not of general applicability and not embodied in contractual instruments. The rates for Inbound E-format Letter Post are one set of such Other Non-Published Competitive Rates. In Governors' Decision No. 19-1, the Governors further authorized Postal Service management to make all necessary regulatory filings with the Commission for rates within the scope of that decision. Pursuant to such authority, the Postal Service is filing its new prices for 2021 for Inbound E-format Letter Post with the Commission for review.

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developed countries (UPU Group IV countries) that send letter post mail below certain annual tonnage thresholds of 100 metric tons. Similar exceptions (albeit at much lower thresholds of 25 metric tons per year) apply to certain other countries as well (in UPU Groups II and III). In addition, the Postal Service charges undifferentiated rates for certain low volume flows (as specified in the workpapers), in part as required by the Convention and its Regulations and in part to avoid sampling costs for dispatches from low volume countries. The self-declared E-format item rates are integrated with the applicable rates for formats P and G to formulate blended rates for low volumes flows. Blended rates combining self-declared rates with Convention-set P and G format rates apply to Group I countries with flows below 50 tons, and to Group II and III countries for flows below the 50 ton threshold but above the 25 ton threshold. Although exchange rates may fluctuate and the final blended rates in SDR may vary from those currently estimated, the total blended per-kilogram rate in SDR for such inbound letter post flows include a component based on the Postal Service's self-declared E-format rates.

<sup>9</sup> UPU Convention Article 28.11.

<sup>10</sup> UPU Convention Article 28.8 (setting registered rate of 1.400 SDR for 2021, and authorizing UPU's Postal Operations Council to add supplementary remuneration for additional features); id. Article 28.9 (providing additional 0.5 SDR per registered item not carrying a UPU-compliant barcode); UPU Convention Regulations Article 30-104.4.1 (if applicable, providing for supplementary remuneration of an additional 0.5 SDR per registered item that satisfies certain conditions and quality targets).

An Application for Non-public Treatment of the unredacted specific self-declared rates and supporting materials that are being filed under seal is included with this Notice as Attachment 1. Attachment 2 includes the Postal Service's specific self-declared per-item and per-kilogram prices for Inbound E-format Letter Post for 2021; a redacted copy is attached hereto, and an unredacted copy is being filed under seal. A certification pursuant to 39 C.F.R. § 3015.5(c)(2) is included as Attachment 3. Governors' Decision No. 19-1 is included as Attachment 4; consistent with how this same decision has been filed in other dockets in the past, a redacted copy is attached hereto, and an unredacted copy is being filed under seal. Redacted versions of the supporting financial documentation establishing cost coverage also accompany this filing; unredacted copies are being filed under seal.

As shown in the supporting financial workpapers, the Postal Service's rates for Inbound E-format Letter Post conform to the statutory requirements for competitive products under 39 U.S.C. § 3633.<sup>11</sup> The supporting documentation demonstrates that the new rates cover their attributable costs,<sup>12</sup> avoid cross-subsidization of competitive products by market dominant products, and do not impede competitive products' collective ability to cover their "appropriate share" of institutional costs.<sup>13</sup>

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<sup>11</sup> 39 U.S.C. § 3633; see also 39 C.F.R. §§ 3015.5, 3015.7.

<sup>12</sup> Lower, exceptional UPU terminal dues rates for certain countries below prescribed annual volume thresholds under the Convention reduce the product's cost coverage only by small margins as shown in the financial workpapers.

<sup>13</sup> Although not required as a matter of law in order to establish that the Postal Service's new prices for 2021 for Inbound E-format Letter Post are in compliance with 39 U.S.C. § 3633, the new rates (like those the Commission favorably reviewed last year, which will take effect in July 2020) are also consistent with the U.S. policies outlined in the Presidential Memorandum of August 23, 2018. Those U.S. policies led to reforms in the UPU Convention adopted in September 2019. The UPU reforms, in turn, permitted the Postal Service to self-declare these rates, subject to business rules in the Convention that ensure adequate parity between the self-declared rates and the most equivalent domestic products. In that manner, the Administration's success in championing the UPU reforms has produced the new rates that both adequately compensate the Postal Service for its costs and eliminate distortions in the marketplace.

#### **IV. Conclusion.**

The Postal Service has established that its new 2021 prices for Inbound E-format Letter Post are in compliance with the requirements of 39 U.S.C. § 3633 and 39 C.F.R. Part 3015. Accordingly, the Postal Service respectfully requests that the Commission favorably review these 2021 prices for Inbound Letter Post Small Packets and Bulky Letters and Inbound Registered Service Associated with such Items, such that the Postal Service will be able to submit these rates to the UPU IB during mid-May 2020 (i.e., in advance of the deadline of June 1, 2020, established by the UPU Convention) and that these rates may then take effect on January 1, 2021.

Respectfully submitted,

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April 10, 2020

**APPLICATION OF THE UNITED STATES POSTAL SERVICE  
FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. § 3007, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission) in this docket. The materials pertain to the establishment of prices not of general applicability for Inbound Letter Post Small Packets and Bulky Letters and for Inbound Registered Service Associated with such Items (collectively referred to herein as “Inbound E-format Letter Post”) established in accordance with Governors’ Decision No. 19-1, the Universal Postal Convention, and the Convention Regulations. The rates and supporting documents establishing compliance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7 are being filed separately under seal with the Commission. Redacted copies of these materials are filed publicly, including redacted versions of supporting financial documentation filed as two separate Excel documents.

The Postal Service hereby furnishes below the justification for this application as required by 39 C.F.R. § 3007.201(b).

**(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);**

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third party business information, that, under good business practice, would not be disclosed to the public. The Postal Service does not believe that any commercial enterprise would voluntarily publish, for example, non-public settlement rates or information pertaining to country-specific volumes, costs, and revenues. Rather, this information would be exempt from mandatory disclosure

pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of the materials that the Postal Service is filing only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

**(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the nonpublic materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual<sup>2</sup>**

In the case of rates and supporting data such as those at issue here, the Postal Service believes that foreign designated postal operators whose governments are members of the Universal Postal Union (UPU) are the only third parties with a proprietary interest in the materials. Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign

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<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

<sup>2</sup> Section 3007.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Peter R. Chandler, Manager UPU Relations, International Postal Affairs, United States Postal Service. Mr. Chandler's phone number is (202) 268-5549, and his email address is [peter.r.chandler@usps.gov](mailto:peter.r.chandler@usps.gov).

The Postal Service provided notice to all foreign postal operators within the UPU network through an International Bureau Circular (UPU IB Circular No. 200 (2019)) issued on December 9, 2019, that the Postal Service will be regularly submitting certain business information to the Commission. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into the instant application:

[http://pls.upu.int/pls/ap/addr\\_public.display\\_addr?p\\_language=AN](http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN).<sup>3</sup>

**(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;**

In connection with its Notice filed in this docket, the Postal Service included its rates and supporting documentation in the form of the Governors' decision and financial workpapers. These materials were filed under seal, with redacted copies filed publicly.

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<sup>3</sup> The Postal Service acknowledges that 39 C.F.R. § 3007.201(b)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's response might be construed as beyond the scope of this exception, the Postal Service respectfully requests a waiver that would allow it to designate a Postal Service employee as the contact person under these circumstances, in light of the practical considerations outlined herein. It is impractical to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of filings would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.



The Postal Service maintains that the redacted rates and related financial information should remain confidential.

The redactions applied to the rates and related financial materials protect commercially sensitive information (including certain country-specific information), such as rates, volumes, weights, underlying costs and assumptions, pricing formulas, and cost coverage projections; the rates include rates that blend P and G format inbound letter post rates with the new self-declared prices for E-format inbound letter post items effective January 1, 2021.

**(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;**

If the portions of the rates and related financial materials that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about non-published pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the rates charged by the Postal Service to foreign postal operators for any possible comparative vulnerabilities and focus their sales and marketing, negotiating, and reciprocal self-declared rate-setting efforts on those areas, to the detriment of the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial materials include specific information such as costs, volumes, weights, projections of variables, and cost coverage. All of this information is highly confidential in the business world. If this information were made public, the Postal

Service's competitors would have the advantage of being able to assess the Postal Service costs and pricing. Thus, competitors would be able to take advantage of the information to offer lower pricing to customers (which can include foreign posts, which are not required to use the Postal Service for delivery of Inbound E-format Letter Post destined to the United States), while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services market. Additionally, foreign postal operators or other potential customers could use costing information to their advantage in negotiating the terms of their own agreements with the Postal Service. Given that the financial workpapers that the Postal Service determined to be protected from disclosure are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Foreign postal operators could also use the Postal Service's self-declared rates in setting their own self-declared rates to charge the Postal Service, thus placing the Postal Service at an unfair competitive disadvantage. This could result from disclosure of the self-declared E-format rates themselves or of the blended rates that incorporate the E-format self-declared rates as a component. The blended rates could be reverse engineered to make approximations of the rates that the Postal Service will establish for E-format items beginning January 1, 2021. Under the process established for operators to set their rates under the Universal Postal Convention and the Convention Regulations, operators must submit their 2021 self-declared rates by the same date (i.e., by June 1, 2020), and then the UPU will notify operators by July 1, 2020, of the

rates.<sup>4</sup> Therefore, if the Postal Service's non-published rates, or reasonable estimates thereof, are obtained by foreign postal operators in advance of the UPU Circular date, these operators will have a significant, and inequitable, advantage when setting their own rates (inconsistent with the process adopted in the UPU Convention provisions) or when conducting bilateral or multilateral negotiations with the Postal Service in advance of the implementation of the new self-declared rates. This information will materially influence the rates that these operators may apply to the Postal Service or may negotiate with the Postal Service. For instance, such discretion may be exercised by electing to charge an amount below its ceiling, which is measured only at the average weight per piece. Such discretion may also be exercised by selecting the item to kilogram ratio that may be used, since this figure can vary and need only be below the ceiling at a single weight increment, *i.e.*, the average weight per piece. In general, when the Postal Service negotiates rates with other operators, it arranges for simultaneous exchange of the first round of rates, in order not to give either side leverage in the negotiation. Thus, advance disclosure of the rate information could adversely affect rates of remuneration paid by the Postal Service, which would harm the financial interests of the Postal Service and its customers, by adversely affecting negotiating positions in fora where rate remuneration is determined or in negotiating any alternative rates through bilateral or multilateral commercial contracts.

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<sup>4</sup> In Order No. 5451, the Commission ordered the Postal Service over its opposition to file publicly its self-declared E-format letter post rates taking effect on July 1, 2020, seven days after the UPU notified other designated postal operators of those rates via UPU Circular. The Postal Service complied with that order, notwithstanding its objections. The Postal Service maintains its opposition to any compelled public disclosure of its self-declared rates not of general applicability for this competitive product, but, in the alternative, the Postal Service requests that the Commission order the public disclosure of its new 2021 prices no earlier than seven days after the UPU issues its Circular with those 2021 prices (due to be issued under the UPU Convention by July 1, 2020), consistent with its earlier order.

Potential customers (which can include foreign posts) could also deduce from the rates in the materials provided under seal whether additional margin for net profit exists. From this information, each foreign postal operator or customer could attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised.

Volume and price information included in the non-public materials also consist of sensitive commercial information of foreign postal operators. Disclosure of such information could be used by competitors of a postal operator to assess the operator's underlying market size and its costs, and thereby develop a benchmark for the development of a competitive alternative.

**(5) At least one specific hypothetical, illustrative example of each alleged harm;**

Harm: Public disclosure of information the Postal Service's self-declared rates would be used by foreign postal operators to the detriment of the Postal Service.

Hypothetical: Foreign postal operators could use the Postal Service's self-declared rates in setting their own self-declared rates to charge the Postal Service, thus placing the Postal Service at an unfair competitive disadvantage. Additionally, blended rates using all format prices, including rates for P and G format inbound letter post items and new self-declared prices for E-format inbound letter post items, could be reverse engineered by foreign postal operators to determine approximations of the self-declared rates that the Postal Service will establish for E-format items beginning January 1, 2021. Having such estimates of the rates the Postal Service has established for E-format items will give foreign postal operators undue leverage when setting their own rates and influence what these operators may apply to the Postal Service or may negotiate bilaterally or multilaterally. For instance, as explained above, depending upon how

foreign operators perceive the Postal Service's new rates, they may decide to adjust their rates (presumably upward if they view their intended rates as lower in relation to the Postal Service's rates) or adjust their item rates in relation to their kilogram rates. Generally, disclosure of this information could adversely affect rates of remuneration, which would harm the financial interests of the Postal Service and its negotiating positions in fora where rate remuneration is determined or in negotiating any alternative rates through bilateral or multilateral commercial contracts. Foreign postal operators could also use the rate information to determine if remail opportunities exist in particular markets, which could result in revenue loss for the Postal Service in the event of undetected rate arbitrage practices.

Harm: Public disclosure of rates or other information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website. It analyzes the data to determine what the Postal Service would have to charge its customers (which may include foreign posts) in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products similar to what the Postal Service offers other posts under that threshold and markets its ability to guarantee to beat the Postal Service on price for Inbound E-format Letter Post. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the Inbound E-format Letter Post market.

Harm: Foreign postal operators could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral remuneration.

Hypothetical: Disaggregated revenues, volumes, and weights are disclosed to the public. Foreign postal operators obtain the information and use it to their advantage in negotiating bilateral or multilateral remuneration with the Postal Service, including in an effort to lower the rates charged for delivery of Inbound E-format Letter Post in the United States. The disequilibrium in negotiating positions would be caused by the fact that the Postal Service's rates would be known in advance, thereby depriving the Postal Service of the ability to engage in simultaneous exchange of rates in bilateral or multilateral negotiations.

Harm: Public disclosure of information regarding the competitive domestic and international products would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service obtains a copy of the unredacted version of the non-public materials exposing rates, revenues, volumes, and weights from the Commission's website. It analyzes the data to determine what products and rates to offer in the competitive domestic and international markets in competition with the Postal Service, using data that would not ordinarily be available to competitors. Customers and potential customers could also use the data to negotiate better terms for themselves in contracts with the Postal Service or its competitors.

Harm: Public disclosure of the financial workpaper information would provide a market advantage to competitors.

Hypothetical: A competing international delivery service obtains a copy of the workpapers from the Commission's website. The competitor uses the information in the

rates to assess service performance to any extent that it is tied to the terminal dues that may be charged pursuant to the Universal Postal Convention, and thereby could attempt to advertise and market its services to foreign postal operators on that basis.

Harm: Public disclosure of rates or other information in the financial workpapers would be used by a foreign postal operator's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Commission's website. The competitor analyzes the workpapers to assess a foreign postal operator's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives.

**(6) The extent of protection from public disclosure deemed to be necessary;**

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for Inbound E-format Letter Post delivery (including, but not limited to, private sector carriers and integrators) as well as their consultants and attorneys. Additionally, the Postal Service believes that foreign postal operators, as well as actual or potential customers of a postal operator for this or similar products, should not be provided access to the non-public rates and financial materials.

**(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3007.401(a). However, because the Postal

Service's relationships with customers and foreign postal operators continue well beyond ten years, the Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3007.401(b-c).

**(8) Any other factors or reasons relevant to support the application.**

Rates for the delivery of competitive inbound packages are not available publicly. Rather, they are considered by postal operators to be commercially sensitive.

**Conclusion**

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its application for non-public treatment of the identified materials.



**Attachment 2 to U.S. Postal Service Notice Dated April 10, 2020**  
**(PRC Docket No. CP2020-120)**

**Inbound Letter Post Small Packets and Bulky Letters**  
**Rates Not of General Applicability for Mail Classification Schedule § 2340.6,**  
**Effective January 1, 2021<sup>1</sup>**

	Per Piece in USD <sup>2</sup>	Per Kilogram in USD
<b>Inbound Letter Post Small Packets and Bulky Letters, unless exception applies<sup>3</sup></b>	\$ [REDACTED]	\$ [REDACTED]

**Inbound Competitive International Registered Mail Service Associated with**  
**Inbound Letter Post Small Packets and Bulky Letters**  
**Rates Not of General Applicability for Mail Classification Schedule § 2615.2.2**  
**(Rates as Set by the Universal Postal Convention and Convention Regulations)<sup>4</sup>**

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<sup>1</sup> The rates in this chart are available to designated operators of member countries of the Universal Postal Union (UPU) if all conditions are satisfied as provided in the Universal Postal Convention and Convention Regulations and as further provided in the Postal Regulatory Commission's Mail Classification Schedule. These are base rates for basic services that do not include additional charges that may apply for ancillary and supplementary services, such as supplementary charges that may apply for tracking pursuant to the Convention and Convention Regulations. Rates for certain flows may also be supplemented by internal air conveyance charges, to the extent provided by the Convention and Convention Regulations.

<sup>2</sup> Under the Universal Postal Convention, the Postal Service must submit its self-declared rates to the UPU in its local currency (i.e., in U.S. dollars (USD)); the UPU then converts the rates into Special Drawing Rights (SDR), using the average monthly exchange rate from the period of January through May of the year preceding the year in which such rates will take effect.

<sup>3</sup> Exceptions to these self-declared rates may apply where terminal dues are established by the Universal Postal Convention and Convention Regulations and as applied by operation of the Convention and Convention Regulations in lieu of self-declared rates, and/or if designated operators agree upon alternative rates by bilateral or multilateral agreement.

<sup>4</sup> The rates for Inbound Competitive International Registered Mail Service associated with Inbound Letter Post Small Packets and Bulky Letters are established by the Universal Postal Convention and Convention Regulations. For 2021, under Convention Articles 28.8 & 28.9, there shall be payment of 1.400 SDR per such registered item, plus there may be an additional payment of 0.5 SDR per item if such an item does not carry a barcode compliant with UPU Technical Standard S10. Such items may also be subject under the Convention and Convention Regulations to additional charges of up to 0.5 SDR per item for UPU supplementary remuneration, if applicable. Such remuneration may change if the Convention or Convention Regulations change.

**Certification of Prices for Inbound Letter Post Small Packets and Bulky Letters,  
and for Inbound Registered Service Associated with such Items**

I, Nan K. McKenzie, Manager of Pricing Innovation, United States Postal Service, am familiar with the prices for Inbound Letter Post Small Packets and Bulky Letters, and for Inbound Registered Service Associated with such Items. The prices are established in part by operation of the Universal Postal Convention, as amended by its Additional Protocol and Second Additional Protocol, and the Convention Regulations, and in part by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued February 7, 2019 (Governors' Decision No. 19-1).

I hereby certify that the numerical cost values underlying the prices for Inbound Letter Post Small Packets and Bulky Letters, and for Inbound Registered Service Associated with such Items, are the appropriate costs to use in the formulas and represent the best available information. The prices demonstrate that Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with such Items, should cover their attributable costs and preclude the subsidization of competitive products by market-dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Inbound Letter Post Small Packets and Bulky Letters, and from Inbound Registered Service Associated with such Items, should be even smaller. Inbound Letter Post Small Packets and Bulky Letters, and Inbound Registered Service Associated with such Items, should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K.  
McKenzie

Digitally signed by Nan K. McKenzie  
DN: cn=Nan K. McKenzie, o,  
ou=Manager, Pricing Innovation,  
email=nan.k.mckenzie@usps.gov,  
c=US  
Date: 2020.04.10 12:04:35 -04'00'

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Date

**RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE**

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)**

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February 7, 2019

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal



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Regulatory Commission. [REDACTED]  
[REDACTED]  
[REDACTED] [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover [REDACTED] [REDACTED] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

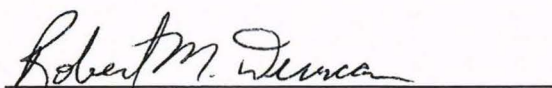
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This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

**ORDER**

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in cursive script, appearing to read "Robert M. Duncan", is written over a horizontal line.

Robert M. Duncan

Chairman, Board of Governors